

May 27, 2005 - Slaughter Releases Congressional Study on Local Gas Prices

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Washington, DC - Rep. Louise M. Slaughter (D-Fairport) today released a report prepared by the House Committee on Government Reform detailing the impact of increased gasoline prices in the Buffalo and Rochester areas.

At the request of Rep. Slaughter, the analysis examines the impact of the increase in gasoline prices in the Buffalo and Rochester areas. It finds that the increased costs could force motorists to pay almost \$200 million more for gasoline in the spring and summer than they did over the same time period in 2003. For the average family in the Buffalo area, the increase in gasoline prices could increase fuel costs by approximately \$370 over the next six months. For the average family in the Rochester area, the increase in gasoline prices could increase fuel costs by approximately \$400 over the next six months.

A copy of the report is attached as a pdf.

Background:

Slaughter Commissions New Government Reform Report on Soaring NY Gas Prices

Still Awaiting Response from FTC on Earlier Request for Investigation into Zone Pricing

Washington, DC. Analysts have suggested that gasoline prices will increase by at least 24 cents per gallon by the end of the month.

In response, Rep. Slaughter has commissioned the House Government Reform Committee to conduct a study, and issue a report on how these expected increases will affect New York's 28th District.

In addition, Congresswoman Slaughter sent the following request for an in depth study to the Federal Trade Commission as part of an ongoing dialogue regarding her concerns about the impact of possible zone-pricing as well as rising gas prices in Western New York. In the letter, Rep. Slaughter sights pricing data obtained from the Automobile Association of America, which is available on their website, linked below. The text of the letter follows as well. Congresswoman Slaughter is currently awaiting a response from the FTC on her request.

"Gas prices are already abnormally high in Rochester, and now we are faced with the additional burden of rising market prices. Local retailers have suggested that the chronic high prices we suffer from are a result of continued zone-price discrimination. I intend to get to the bottom of this continuing problem. That is why I have asked both the Federal Trade Commission and The House Government Reform Committee to use their respective authority to investigate these issues," said Slaughter.

<http://www.fuelgaugereport.com/NYmetro.asp>

Feb 2, 2005

Deborah Plat-Majores

Chairwoman

Federal Trade Commission:

Dear Chairwoman:

Thank you for your January 5, 2005 letter in response to my concerns that the Rochester, New York area faces gasoline prices exceeding the national average. While the pricing data you cited in your letter indicates that Rochester prices do not abnormally deviate from the New York State average price, it remains that Rochester motorists consistently pay higher prices for fuel than their other Upstate New York neighbors.

I am enclosing pricing data provided by the Automobile Association of America and the New York State Association of Service Stations and Repair Shops, Inc. The trends revealed in this data show how Rochester residents are historically charged more for gasoline as compared to Syracuse, Albany, and Buffalo. While I continue efforts to reduce prices throughout the entire Upstate region, I cannot ignore this anomaly in Rochester.

Your letter summarized that most Commission investigations of price spikes reveal they are often the result of "natural" causes such as "movements in crude oil prices, supply outages, or transitions to new fuel requirements." However, across the Upstate region with its nearly uniform geographic, regulatory, and economic conditions, during this past

summer alone Rochester motorists still paid ten to twelve cents more per gallon than motorists in Syracuse or Albany. I am challenged to believe this is the result of any "natural" causes.

Rather, through meetings and conversations with my Rochester area constituents and local gas service station owners, I understand Rochester's higher-priced gasoline is largely due to the major oil companies' practice of "zone pricing." Oil companies are able to leverage their local monopoly and employ zone pricing techniques to artificially drive retail gas prices up.

Therefore, I request the Commission utilize its authority to investigate the causes of Rochester's historically higher-priced gasoline as compared to other Upstate New York communities. In particular, I request the Commission determine how zone pricing contributes to Rochester's higher prices. Should you have any questions, please feel free to contact Christopher Zeltmann in my office at 585-232-4850. Again, thank you for your consideration of this request, and I look forward to reviewing your response.

Sincerely,

Louise M. Slaughter

Member of Congress